

Adopted	Rejected
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COMMITTEE REPORT

YES:	10
NO:	1

MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred Senate Bill 345, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 22-3-5-6 IS AMENDED TO READ AS
- 4 FOLLOWS [EFFECTIVE APRIL 1, 1998]: Sec. 6. (a) The worker's
- 5 compensation supplemental administrative fund is established for the
- 6 purpose of carrying out the administrative purposes and functions of
- 7 the worker's compensation board. The fund consists of fees collected
- 8 from employers under sections 1 through 2 of this chapter. ~~and from~~
- 9 ~~fees collected under IC 22-3-2-14.5 and IC 22-3-7-34.5.~~ The fund shall
- 10 be administered by the worker's compensation board. ~~Money in the~~
- 11 ~~fund is annually appropriated to the worker's compensation board for~~
- 12 ~~its use in carrying out the administrative purposes and functions of the~~
- 13 ~~worker's compensation board.~~
- 14 (b) The money in the fund is not to be used to replace funds
- 15 otherwise appropriated to the board. Money in the fund at the end of
- 16 the state fiscal year does not revert to the state general fund.

1 SECTION 2. IC 22-3-6-1, AS AMENDED BY P.L.258-1997(ss),
2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 APRIL 1, 1998]: Sec. 1. In IC 22-3-2 through IC 22-3-6, unless the
4 context otherwise requires:

5 (a) "Employer" includes the state and any political subdivision,
6 any municipal corporation within the state, any individual or the legal
7 representative of a deceased individual, firm, association, limited
8 liability company, or corporation or the receiver or trustee of the same,
9 using the services of another for pay. If the employer is insured, the
10 term includes the employer's insurer so far as applicable. However, the
11 inclusion of an employer's insurer within this definition does not allow
12 an employer's insurer to avoid payment for services rendered to an
13 employee with the approval of the employer.

14 (b) "Employee" means every person, including a minor, in the
15 service of another, under any contract of hire or apprenticeship, written
16 or implied, except one whose employment is both casual and not in the
17 usual course of the trade, business, occupation, or profession of the
18 employer.

19 (1) An executive officer elected or appointed and empowered in
20 accordance with the charter and bylaws of a corporation, other
21 than a municipal corporation or governmental subdivision or a
22 charitable, religious, educational, or other nonprofit corporation,
23 is an employee of the corporation under IC 22-3-2 through
24 IC 22-3-6.

25 (2) An executive officer of a municipal corporation or other
26 governmental subdivision or of a charitable, religious,
27 educational, or other nonprofit corporation may, notwithstanding
28 any other provision of IC 22-3-2 through IC 22-3-6, be brought
29 within the coverage of its insurance contract by the corporation
30 by specifically including the executive officer in the contract of
31 insurance. The election to bring the executive officer within the
32 coverage shall continue for the period the contract of insurance
33 is in effect, and during this period, the executive officers thus
34 brought within the coverage of the insurance contract are
35 employees of the corporation under IC 22-3-2 through IC 22-3-6.

36 (3) Any reference to an employee who has been injured, when
37 the employee is dead, also includes the employee's legal
38 representatives, dependents, and other persons to whom

1 compensation may be payable.

2 (4) An owner of a sole proprietorship may elect to include the
 3 owner as an employee under IC 22-3-2 through IC 22-3-6 if the
 4 owner is actually engaged in the proprietorship business. If the
 5 owner makes this election, the owner must serve upon the
 6 owner's insurance carrier and upon the board written notice of
 7 the election. No owner of a sole proprietorship may be
 8 considered an employee under IC 22-3-2 through IC 22-3-6 until
 9 the notice has been received. ~~If the owner of a sole~~
 10 ~~proprietorship is an independent contractor in the construction~~
 11 ~~trades and does not make the election provided under this~~
 12 ~~subdivision, the owner must obtain an affidavit of exemption~~
 13 ~~under IC 22-3-2-14.5.~~

14 (5) A partner in a partnership may elect to include the partner as
 15 an employee under IC 22-3-2 through IC 22-3-6 if the partner is
 16 actually engaged in the partnership business. If a partner makes
 17 this election, the partner must serve upon the partner's insurance
 18 carrier and upon the board written notice of the election. No
 19 partner may be considered an employee under IC 22-3-2 through
 20 IC 22-3-6 until the notice has been received. ~~If a partner in a~~
 21 ~~partnership is an independent contractor in the construction~~
 22 ~~trades and does not make the election provided under this~~
 23 ~~subdivision, the partner must obtain an affidavit of exemption~~
 24 ~~under IC 22-3-2-14.5.~~

25 (6) Real estate professionals are not employees under IC 22-3-2
 26 through IC 22-3-6 if:

- 27 (A) they are licensed real estate agents;
- 28 (B) substantially all their remuneration is directly related to
- 29 sales volume and not the number of hours worked; and
- 30 (C) they have written agreements with real estate brokers
- 31 stating that they are not to be treated as employees for tax
- 32 purposes.

33 ~~(7) A person is an independent contractor in the construction~~
 34 ~~trades and not an employee under IC 22-3-2 through IC 22-3-6~~
 35 ~~if the person is an independent contractor under the guidelines~~
 36 ~~of the United States Internal Revenue Service.~~

37 ~~(8) (7)~~ An owner-operator that provides a motor vehicle and the
 38 services of a driver under a written contract that is subject to

IC 8-2.1-24-23, 45 IAC 16-1-13, or 49 CFR 1057, to a motor carrier is not an employee of the motor carrier for purposes of IC 22-3-2 through IC 22-3-6. The owner-operator may elect to be covered and have the owner-operator's drivers covered under a worker's compensation insurance policy or authorized self-insurance that insures the motor carrier if the owner-operator pays the premiums as requested by the motor carrier. An election by an owner-operator under this subdivision does not terminate the independent contractor status of the owner-operator for any purpose other than the purpose of this subdivision.

~~(9)~~ (8) A member or manager in a limited liability company may elect to include the member or manager as an employee under IC 22-3-2 through IC 22-3-6 if the member or manager is actually engaged in the limited liability company business. If a member or manager makes this election, the member or manager must serve upon the member's or manager's insurance carrier and upon the board written notice of the election. A member or manager may not be considered an employee under IC 22-3-2 through IC 22-3-6 until the notice has been received.

(c) "Minor" means an individual who has not reached seventeen (17) years of age.

(1) Unless otherwise provided in this subsection, a minor employee shall be considered as being of full age for all purposes of IC 22-3-2 through IC 22-3-6.

(2) If the employee is a minor who, at the time of the accident, is employed, required, suffered, or permitted to work in violation of IC 20-8.1-4-25, the amount of compensation and death benefits, as provided in IC 22-3-2 through IC 22-3-6, shall be double the amount which would otherwise be recoverable. The insurance carrier shall be liable on its policy for one-half (1/2) of the compensation or benefits that may be payable on account of the injury or death of the minor, and the employer shall be liable for the other one-half (1/2) of the compensation or benefits. If the employee is a minor who is not less than sixteen (16) years of age and who has not reached seventeen (17) years of age and who at the time of the accident is employed, suffered, or permitted to work at any occupation which is not prohibited by

1 law, this subdivision does not apply.

2 (3) A minor employee who, at the time of the accident, is a
3 student performing services for an employer as part of an
4 approved program under IC 20-10.1-6-7 shall be considered a
5 full-time employee for the purpose of computing compensation
6 for permanent impairment under IC 22-3-3-10. The average
7 weekly wages for such a student shall be calculated as provided
8 in subsection (d)(4).

9 (4) The rights and remedies granted in this subsection to a minor
10 under IC 22-3-2 through IC 22-3-6 on account of personal injury
11 or death by accident shall exclude all rights and remedies of the
12 minor, the minor's parents, or the minor's personal
13 representatives, dependents, or next of kin at common law,
14 statutory or otherwise, on account of the injury or death. This
15 subsection does not apply to minors who have reached seventeen
16 (17) years of age.

17 (d) "Average weekly wages" means the earnings of the injured
18 employee in the employment in which the employee was working at the
19 time of the injury during the period of fifty-two (52) weeks
20 immediately preceding the date of injury, divided by fifty-two (52),
21 except as follows:

22 (1) If the injured employee lost seven (7) or more calendar days
23 during this period, although not in the same week, then the
24 earnings for the remainder of the fifty-two (52) weeks shall be
25 divided by the number of weeks and parts thereof remaining
26 after the time lost has been deducted.

27 (2) Where the employment prior to the injury extended over a
28 period of less than fifty-two (52) weeks, the method of dividing
29 the earnings during that period by the number of weeks and parts
30 thereof during which the employee earned wages shall be
31 followed, if results just and fair to both parties will be obtained.
32 Where by reason of the shortness of the time during which the
33 employee has been in the employment of the employee's
34 employer or of the casual nature or terms of the employment it
35 is impracticable to compute the average weekly wages, as
36 defined in this subsection, regard shall be had to the average
37 weekly amount which during the fifty-two (52) weeks previous
38 to the injury was being earned by a person in the same grade

1 employed at the same work by the same employer or, if there is
2 no person so employed, by a person in the same grade employed
3 in the same class of employment in the same district.

4 (3) Wherever allowances of any character made to an employee
5 in lieu of wages are a specified part of the wage contract, they
6 shall be deemed a part of his earnings.

7 (4) In computing the average weekly wages to be used in
8 calculating an award for permanent impairment under
9 IC 22-3-3-10 for a student employee in an approved training
10 program under IC 20-10.1-6-7, the following formula shall be
11 used. Calculate the product of:

12 (A) the student employee's hourly wage rate; multiplied by

13 (B) forty (40) hours.

14 The result obtained is the amount of the average weekly wages
15 for the student employee.

16 (e) "Injury" and "personal injury" mean only injury by accident
17 arising out of and in the course of the employment and do not include
18 a disease in any form except as it results from the injury.

19 (f) "Billing review service" refers to a person or an entity that
20 reviews a medical service provider's bills or statements for the purpose
21 of determining pecuniary liability. The term includes an employer's
22 worker's compensation insurance carrier if the insurance carrier
23 performs such a review.

24 (g) "Billing review standard" means the data used by a billing
25 review service to determine pecuniary liability.

26 (h) "Community" means a geographic service area based on zip
27 code districts defined by the United States Postal Service according to
28 the following groupings:

29 (1) The geographic service area served by zip codes with the first
30 three (3) digits 463 and 464.

31 (2) The geographic service area served by zip codes with the first
32 three (3) digits 465 and 466.

33 (3) The geographic service area served by zip codes with the first
34 three (3) digits 467 and 468.

35 (4) The geographic service area served by zip codes with the first
36 three (3) digits 469 and 479.

37 (5) The geographic service area served by zip codes with the first
38 three (3) digits 460, 461 (except 46107), and 473.

(6) The geographic service area served by the 46107 zip code and zip codes with the first three (3) digits 462.

(7) The geographic service area served by zip codes with the first three (3) digits 470, 471, 472, 474, and 478.

(8) The geographic service area served by zip codes with the first three (3) digits 475, 476, and 477.

(i) "Medical service provider" refers to a person or an entity that provides medical services, treatment, or supplies to an employee under IC 22-3-2 through IC 22-3-6.

(j) "Pecuniary liability" means the responsibility of an employer or the employer's insurance carrier for the payment of the charges for each specific service or product for human medical treatment provided under IC 22-3-2 through IC 22-3-6 in a defined community, equal to or less than the charges made by medical service providers at the eightieth percentile in the same community for like services or products.

SECTION 3. IC 22-3-7-9, AS AMENDED BY P.L.258-1997(ss), SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 1998]: Sec. 9. (a) As used in this chapter, "employer" includes the state and any political subdivision, any municipal corporation within the state, any individual or the legal representative of a deceased individual, firm, association, limited liability company, or corporation or the receiver or trustee of the same, using the services of another for pay. If the employer is insured, the term includes his insurer so far as applicable. However, the inclusion of an employer's insurer within this definition does not allow an employer's insurer to avoid payment for services rendered to an employee with the approval of the employer.

(b) As used in this chapter, "employee" means every person, including a minor, in the service of another, under any contract of hire or apprenticeship written or implied, except one whose employment is both casual and not in the usual course of the trade, business, occupation, or profession of the employer. For purposes of this chapter the following apply:

(1) Any reference to an employee who has suffered disablement, when the employee is dead, also includes his legal representative, dependents, and other persons to whom compensation may be payable.

(2) An owner of a sole proprietorship may elect to include

himself as an employee under this chapter if he is actually engaged in the proprietorship business. If the owner makes this election, he must serve upon his insurance carrier and upon the board written notice of the election. No owner of a sole proprietorship may be considered an employee under this chapter unless the notice has been received. ~~If the owner of a sole proprietorship is an independent contractor in the construction trades and does not make the election provided under this subdivision, the owner must obtain an affidavit of exemption under IC 22-3-7-34.5.~~

(3) A partner in a partnership may elect to include himself as an employee under this chapter if he is actually engaged in the partnership business. If a partner makes this election, he must serve upon his insurance carrier and upon the board written notice of the election. No partner may be considered an employee under this chapter until the notice has been received. ~~If a partner in a partnership is an independent contractor in the construction trades and does not make the election provided under this subdivision, the partner must obtain an affidavit of exemption under IC 22-3-7-34.5.~~

(4) Real estate professionals are not employees under this chapter if:

- (A) they are licensed real estate agents;
- (B) substantially all their remuneration is directly related to sales volume and not the number of hours worked; and
- (C) they have written agreements with real estate brokers stating that they are not to be treated as employees for tax purposes.

~~(5) A person is an independent contractor in the construction trades and not an employee under this chapter if the person is an independent contractor under the guidelines of the United States Internal Revenue Service.~~

~~(6)~~ (5) An owner-operator that provides a motor vehicle and the services of a driver under a written contract that is subject to IC 8-2.1-24-23, 45 IAC 16-1-13, or 49 CFR 1057, to a motor carrier is not an employee of the motor carrier for purposes of this chapter. The owner-operator may elect to be covered and have the owner-operator's drivers covered under a worker's

1 compensation insurance policy or authorized self-insurance that
2 insures the motor carrier if the owner-operator pays the
3 premiums as requested by the motor carrier. An election by an
4 owner-operator under this subdivision does not terminate the
5 independent contractor status of the owner-operator for any
6 purpose other than the purpose of this subdivision.

7 (c) As used in this chapter, "minor" means an individual who has
8 not reached seventeen (17) years of age. A minor employee shall be
9 considered as being of full age for all purposes of this chapter.
10 However, if the employee is a minor who, at the time of the last
11 exposure, is employed, required, suffered, or permitted to work in
12 violation of the child labor laws of this state, the amount of
13 compensation and death benefits, as provided in this chapter, shall be
14 double the amount which would otherwise be recoverable. The
15 insurance carrier shall be liable on its policy for one-half (1/2) of the
16 compensation or benefits that may be payable on account of the
17 disability or death of the minor, and the employer shall be wholly liable
18 for the other one-half (1/2) of the compensation or benefits. If the
19 employee is a minor who is not less than sixteen (16) years of age and
20 who has not reached seventeen (17) years of age, and who at the time
21 of the last exposure is employed, suffered, or permitted to work at any
22 occupation which is not prohibited by law, the provisions of this
23 subsection prescribing double the amount otherwise recoverable do not
24 apply. The rights and remedies granted to a minor under this chapter on
25 account of disease shall exclude all rights and remedies of the minor,
26 his parents, his personal representatives, dependents, or next of kin at
27 common law, statutory or otherwise, on account of any disease.

28 (d) This chapter does not apply to casual laborers as defined in
29 subsection (b), nor to farm or agricultural employees, nor to household
30 employees, nor to railroad employees engaged in train service as
31 engineers, firemen, conductors, brakemen, flagmen, baggagemen, or
32 foremen in charge of yard engines and helpers assigned thereto, nor to
33 their employers with respect to these employees. Also, this chapter
34 does not apply to employees or their employers with respect to
35 employments in which the laws of the United States provide for
36 compensation or liability for injury to the health, disability, or death by
37 reason of diseases suffered by these employees.

38 (e) As used in this chapter, "disablement" means the event of

1 becoming disabled from earning full wages at the work in which the
2 employee was engaged when last exposed to the hazards of the
3 occupational disease by the employer from whom he claims
4 compensation or equal wages in other suitable employment, and
5 "disability" means the state of being so incapacitated.

6 (f) For the purposes of this chapter, no compensation shall be
7 payable for or on account of any occupational diseases unless
8 disablement, as defined in subsection (e), occurs within two (2) years
9 after the last day of the last exposure to the hazards of the disease
10 except for the following:

11 (1) In all cases of occupational diseases caused by the inhalation
12 of silica dust or coal dust, no compensation shall be payable
13 unless disablement, as defined in subsection (e), occurs within
14 three (3) years after the last day of the last exposure to the
15 hazards of the disease.

16 (2) In all cases of occupational disease caused by the exposure
17 to radiation, no compensation shall be payable unless
18 disablement, as defined in subsection (e), occurs within two (2)
19 years from the date on which the employee had knowledge of the
20 nature of his occupational disease or, by exercise of reasonable
21 diligence, should have known of the existence of such disease
22 and its causal relationship to his employment.

23 (3) In all cases of occupational diseases caused by the inhalation
24 of asbestos dust, no compensation shall be payable unless
25 disablement, as defined in subsection (e), occurs within three (3)
26 years after the last day of the last exposure to the hazards of the
27 disease if the last day of the last exposure was before July 1,
28 1985.

29 (4) In all cases of occupational disease caused by the inhalation
30 of asbestos dust in which the last date of the last exposure occurs
31 on or after July 1, 1985, and before July 1, 1988, no
32 compensation shall be payable unless disablement, as defined in
33 subsection (e), occurs within twenty (20) years after the last day
34 of the last exposure.

35 (5) In all cases of occupational disease caused by the inhalation
36 of asbestos dust in which the last date of the last exposure occurs
37 on or after July 1, 1988, no compensation shall be payable unless
38 disablement (as defined in subsection (e)) occurs within

1 thirty-five (35) years after the last day of the last exposure.

2 (g) For the purposes of this chapter, no compensation shall be
3 payable for or on account of death resulting from any occupational
4 disease unless death occurs within two (2) years after the date of
5 disablement. However, this subsection does not bar compensation for
6 death:

7 (1) where death occurs during the pendency of a claim filed by
8 an employee within two (2) years after the date of disablement
9 and which claim has not resulted in a decision or has resulted in
10 a decision which is in process of review or appeal; or

11 (2) where, by agreement filed or decision rendered, a
12 compensable period of disability has been fixed and death occurs
13 within two (2) years after the end of such fixed period, but in no
14 event later than three hundred (300) weeks after the date of
15 disablement.

16 (h) As used in this chapter, "billing review service" refers to a
17 person or an entity that reviews a medical service provider's bills or
18 statements for the purpose of determining pecuniary liability. The term
19 includes an employer's worker's compensation insurance carrier if the
20 insurance carrier performs such a review.

21 (i) As used in this chapter, "billing review standard" means the
22 data used by a billing review service to determine pecuniary liability.

23 (j) As used in this chapter, "community" means a geographic
24 service area based on zip code districts defined by the United States
25 Postal Service according to the following groupings:

26 (1) The geographic service area served by zip codes with the first
27 three (3) digits 463 and 464.

28 (2) The geographic service area served by zip codes with the first
29 three (3) digits 465 and 466.

30 (3) The geographic service area served by zip codes with the first
31 three (3) digits 467 and 468.

32 (4) The geographic service area served by zip codes with the first
33 three (3) digits 469 and 479.

34 (5) The geographic service area served by zip codes with the first
35 three (3) digits 460, 461 (except 46107), and 473.

36 (6) The geographic service area served by the 46107 zip code
37 and zip codes with the first three (3) digits 462.

38 (7) The geographic service area served by zip codes with the first

three (3) digits 470, 471, 472, 474, and 478.

(8) The geographic service area served by zip codes with the first three (3) digits 475, 476, and 477.

(k) As used in this chapter, "medical service provider" refers to a person or an entity that provides medical services, treatment, or supplies to an employee under this chapter.

(l) As used in this chapter, "pecuniary liability" means the responsibility of an employer or the employer's insurance carrier for the payment of the charges for each specific service or product for human medical treatment provided under this chapter in a defined community, equal to or less than the charges made by medical service providers at the eightieth percentile in the same community for like services or products.

SECTION 4. IC 27-1-3-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 20. (a) The commissioner may issue a certificate of authority to any company when it shall have complied with the requirements of the laws of this state so as to entitle it to do business herein. The certificate shall be issued under the seal of the department authorizing and empowering the company to make the kind or kinds of insurance specified in the certificate. No certificate of authority shall be issued until the commissioner has found that:

~~(a)~~ (1) the company has submitted a sound plan of operation; and
~~(b)~~ (2) the general character and experience of the incorporators, directors, and proposed officers is such as to assure reasonable promise of a successful operation, based on the fact that such persons are of known good character and that there is no good reason to believe that they are affiliated, directly or indirectly, through ownership, control, management, reinsurance transactions, or other insurance or business relations with any person or persons known to have been involved in the improper manipulation of assets, accounts, or reinsurance.

No certificate of authority shall be denied, however, under subdivision ~~(a)~~ (1) or ~~(b)~~ (2) until notice, hearing, and right of appeal has been given as provided in IC 4-21.5.

(b) Every company possessing a certificate of authority shall notify the commissioner of the election or appointment of every new director or principal officer, within thirty (30) days thereafter. If in the

commissioner's opinion such a new principal officer or director does not meet the standards set forth in this section, he shall request that the company effect the removal of such persons from office. If such removal is not accomplished as promptly as under the circumstances and in the opinion of the commissioner is possible, then upon notice to both the company and such principal officer or director and after notice, hearing, and right of appeal pursuant to IC 4-21.5, and after a finding that such person is incompetent or untrustworthy or of known bad character, the commissioner may order the removal of such person from office and may, unless such removal is promptly accomplished, suspend the company's certificate of authority until there is compliance with such order.

(c) No company shall transact any business of insurance **under IC 22 or IC 27, or hold itself out as a company in the business of insurance** in ~~this state~~ **Indiana** until it shall have received a certificate of authority as prescribed in this section. ~~and~~.

(d) No company shall make, **issue, deliver, sell, or advertise** any kind or kinds of insurance not specified in ~~such the company's~~ certificate of authority.

SECTION 5. IC 27-7-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 7. Stock companies and nonstock companies shall be represented in the bureau management and on all committees. **Participation in the bureau management and its committees is restricted to those companies maintaining at least five million dollars (\$5,000,000) in worker's compensation writings in Indiana.** In case of a tie vote in any committee or governing body of said bureau, the insurance commissioner shall decide the matter.

SECTION 6. IC 27-7-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. The bureau shall admit to membership every company **holding a certificate of authority and** lawfully engaged in whole or in part in writing worker's compensation insurance in Indiana."

Page 1, between lines 8 and 9 begin a new paragraph and insert:

"Sec. 2. (a) The requirements of this section constitute the 'members' surplus protection principle" for purposes of this article.

(b) For purposes of this article:

(1) a mutual insurance company (MIC) is owned by the

policyholders of the mutual insurance company; and
 (2) a mutual insurance holding company (MHC) organized
 under this article is owned by the members of the mutual
 insurance holding company.

(c) The members' surplus must be maintained for the exclusive
 benefit of the members of the MHC.

(d) Except as provided by subsection (e), after the effective
 date of a reorganization under this article:

- (1) a dividend authorized for or paid to the shareholders of
 any subsidiary of the MHC;
- (2) an employee benefit plan provision; and
- (3) other actions of a MHC or its subsidiaries;

may not be made, granted, enforced, or taken if the dividend,
 benefit, payment, or other action reduces the members' surplus.

(e) Only the following may decrease the members' surplus:

- (1) Dividends paid to eligible persons who were members of
 the MIC on the effective date of the reorganization.
- (2) Supervision of a subsidiary of the MHC under IC 27-9.
- (3) A reduction in the market value of a security or other
 asset of the members' surplus.

(f) The commissioner may not take or permit an action under
 this title that conflicts with the members' surplus protection
 principle of this section."

Page 1, line 9, delete "2" and insert "3".

Page 1, line 11, delete "3" and insert "4".

Page 2, line 6, delete "A stock" and insert "An employee".

Page 2, delete lines 12 through 16.

Page 2, line 17, delete "4" and insert "5".

Page 2, line 17, after "means" insert "with respect to a plan,".

Page 2, line 18, delete "of an applicant".

Page 2, line 18, after "plan" insert "of an applicant".

Page 2, line 19, delete "5" and insert "6".

Page 2, line 24, delete "6" and insert "7".

Page 2, line 24, after "means" insert "with respect to a plan,".

Page 2, line 24, delete "company" and insert "MIC".

Page 2, line 26, delete "7" and insert "8".

Page 2, line 29, before "business" insert "a".

Page 3, line 8, delete "a stock" and insert "an employee".

- 1 Page 3, line 9, delete "8" and insert "9".
- 2 Page 3, line 9, delete "refers to the board of directors of a mutual"
- 3 and insert "**means:**
- 4 (1) the board of directors of a MHC, a MIC, an intermediate
- 5 stock holding company, or a stock insurance company
- 6 subsidiary; or
- 7 (2) another board or committee that is responsible, under the
- 8 articles or bylaws of the company, for decisions involving the
- 9 structure or management of a MHC, MIC, intermediate
- 10 stock holding company, or stock insurance company
- 11 subsidiary."
- 12 Page 3, delete lines 10 through 11.
- 13 Page 3, line 12, delete "9" and insert "**10**".
- 14 Page 3, line 14, delete "10" and insert "**11**".
- 15 Page 3, line 18, delete "mutual insurance holding company" and
- 16 insert "**MHC**".
- 17 Page 3, delete lines 21 through 42, begin a new paragraph and
- 18 insert:
- 19 "**Sec. 12. "Effective date"** means, with respect to a plan, the
- 20 **date on which the plan becomes effective under this article.**
- 21 **Sec. 13. "Eligible member"** means, with respect to a plan, a
- 22 **person who is a member of a MIC on the adoption date of a plan.**
- 23 **Sec. 14. "Employee benefit plan"** means an employee benefit
- 24 **plan established by a MHC, or by one (1) or more of the**
- 25 **subsidiaries of a MHC, for the benefit of its:**
- 26 (1) employees; or
- 27 (2) sales agents.
- 28 **Sec. 15. "Intermediate stock holding company"** means a
- 29 **company other than a stock insurance company subsidiary and its**
- 30 **subsidiaries that:**
- 31 (1) is owned entirely or in part, directly or indirectly, by a
- 32 **MHC; and**
- 33 (2) directly or indirectly owns all or part of the capital stock
- 34 **of a stock insurance company subsidiary.**
- 35 **Sec. 16. "Internal Revenue Code"** refers to the Internal
- 36 **Revenue Code of 1986, as amended.**
- 37 **Sec. 17. "Member"** means a person that, according to the:
- 38 (1) records; and

(2) articles of incorporation and bylaws;
of a mutual company, is a member of the mutual company.

Sec. 18. "Members' surplus" means the surplus and any built-in gains of a mutual insurance company that exist on the effective date of a reorganization under this article.

Sec. 19. "Mutual insurance company" or "MIC" means a domestic mutual insurer that is:

(1) submitting; or

(2) subject to;

a plan of reorganization under this article.

Sec. 20. "Mutual insurance holding company" or "MHC" means a mutual insurance holding company established under IC 27-14-2.

Sec. 21. "Outside director" means an individual who:

(1) is a member of a board of:

(A) a MHC;

(B) an intermediate stock holding company; or

(C) a stock insurance company subsidiary;

(2) is not a member, officer, employee, or consultant of:

(A) the MHC, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; or

(B) a parent company or subsidiary of the MHC, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves;

(3) does not directly or indirectly own, control, or hold any of the voting capital stock or other dividend-paying instrument of:

(A) the MHC, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves; or

(B) a parent company or subsidiary of the MHC, intermediate stock holding company, or stock insurance company subsidiary on whose board the individual serves;

(4) is not an officer, member of the board of directors, employee, or member of the immediate family of a person

1 who directly or indirectly owns, controls, or holds any of the
2 voting capital stock or other dividend-paying instrument of:

3 (A) the MHC, intermediate stock holding company, or
4 stock insurance company subsidiary on whose board the
5 individual serves; or

6 (B) a parent company or subsidiary of the MHC,
7 intermediate stock holding company, or stock insurance
8 company subsidiary on whose board the individual
9 serves; and

10 (5) does not own a policy issued by the MIC or stock
11 insurance company subsidiary of the MHC.

12 **Sec. 22. "Parent company" means either of the following:**

13 (1) As to an intermediate stock holding company, the mutual
14 holding company of which the intermediate stock holding
15 company is a subsidiary.

16 (2) As to a stock insurance company subsidiary, the mutual
17 holding company or intermediate stock holding company of
18 which the stock insurance company subsidiary is a
19 subsidiary.

20 **Sec. 23. "Participating policy" means an insurance policy**
21 **providing for the distribution of dividends.**

22 **Sec. 24. "Person" means any of the following:**

23 (1) An individual.

24 (2) An aggregation of individuals acting in concert.

25 (3) A trust.

26 (4) An association.

27 (5) A partnership.

28 (6) A limited liability company.

29 (7) A corporation.

30 **Sec. 25. "Plan" means a plan:**

31 (1) of reorganization; or

32 (2) to issue stock.

33 **Sec. 26. "Plan of reorganization" means a plan adopted under**
34 **IC 27-14-2.**

35 **Sec. 27. "Plan to issue stock" means a plan to issue shares of**
36 **voting capital stock adopted under IC 27-14-4.**

37 **Sec. 28. "Policy" means a contract providing one (1) or more**
38 **of the kinds of insurance described in IC 27-1-5-1.**

1 **Sec. 29. "Stock insurance company subsidiary"** means a stock
 2 insurance company that is owned entirely or in part by a MHC or
 3 an intermediate stock holding company.

4 **Sec. 30. "Subsidiary"** means, with respect to a particular
 5 person, an affiliate of the person that is controlled by the person,
 6 either:

7 (1) directly; or

8 (2) indirectly, through one (1) or more intermediaries.

9 **Sec. 31. "Voting capital stock"** means capital stock whose
 10 holder has the right to vote in the election of directors.

11 **Chapter 2. Mutual Insurance Company Reorganization**

12 **Sec. 1. (a)** A mutual insurance company (MIC) may reorganize
 13 under this chapter as a mutual insurance holding company (MHC)
 14 with one (1) or more subsidiaries after the following have
 15 occurred:

16 (1) The favorable vote of its board of directors to reorganize.

17 (2) The filing of an application with the commissioner.

18 (3) A notice of a public hearing is made to its members and
 19 the public.

20 (4) At least one (1) public hearing conducted by the
 21 commissioner.

22 (5) The approval of the commissioner of the plan.

23 (6) A favorable vote of the membership of the MIC.

24 (7) The issuance of an order of completion by the
 25 commissioner.

26 **(b)** The subsidiaries of a MIC that reorganizes as a MHC
 27 under this chapter:

28 (1) must include at least one (1) stock insurance company
 29 subsidiary; and

30 (2) may include one (1) or more intermediate stock holding
 31 companies.

32 **Sec. 2.** The reorganization of a MIC as a MHC under this
 33 chapter may be accomplished by the following means as approved
 34 by the commissioner:

35 (1) The establishment of at least one (1) company.

36 (2) The amendment or restatement of the articles and bylaws
 37 of any company.

38 (3) The transfer or acquisition of any or all of the assets and

liabilities of any company.

(4) The merger of two (2) or more mutual insurance companies.

(5) The merger of two (2) or more intermediate stock holding companies as part of the merger of two (2) or more MHCs.

(6) The merger of two (2) or more stock insurance companies.

Sec. 3. (a) A plan of reorganization under this chapter must be adopted by:

(1) the board of directors of the MIC; or

(2) in the case of the formation of any intermediate stock insurance holding company that is not concurrent with the formation of the MHC, the board of directors of the MHC.

(b) For a plan of reorganization to be adopted by the board of directors of a MIC, at least seventy-five percent (75%) of the members of the board of directors must vote in favor of the adoption.

Sec. 4. Within ninety (90) days after the adoption of a plan of reorganization and before a vote on the plan by the members, the company adopting the plan must file with the commissioner an application containing the following:

(1) A plan of reorganization.

(2) The form of the notices to be sent to members under this chapter, including a notice of the public hearing and a notice informing members of their right to vote on the plan.

(3) A copy of the:

(A) proposed articles of incorporation; and

(B) bylaws;

of each company to be formed under the plan in compliance with the requirements of IC 27-1-6.

(4) If it is necessary to amend the current articles of incorporation or bylaws of any company that is affected by the plan, a copy of:

(A) the proposed articles of amendment; and

(B) amended bylaws;

of the company that must comply with the requirements of IC 27-1-8.

(5) A list of the officers and directors of each company that

1 is created or affected by the plan of reorganization.

2 **Sec. 5. A plan of reorganization filed with the commissioner**
 3 **under this chapter must meet the following requirements:**

4 (1) It must describe all significant terms of the proposed
 5 reorganization.

6 (2) It must describe in narrative form any plan to issue stock
 7 that may be proposed in connection with the plan of
 8 reorganization.

9 (3) It must describe the:

10 (A) reasons for and purposes of the proposed
 11 reorganization; and

12 (B) manner in which the reorganization is expected to
 13 benefit and serve the best interests of the members.

14 The plan must include an analysis of the risks and benefits of
 15 the proposed reorganization, and a comparison of those risks
 16 and benefits with the risks and benefits of alternatives
 17 (including demutualization of the MIC) to the
 18 reorganization.

19 (4) It must provide that, after the effective date, the MHC
 20 must at all times have the direct or indirect power to cast at
 21 least sixty percent (60%) of the votes for the election of
 22 directors of:

23 (A) all stock insurance subsidiaries; and

24 (B) an intermediate stock holding company;

25 of the MHC.

26 (5) It must provide that:

27 (A) the:

28 (i) membership interests of the members of the MIC
 29 remain membership interests in the MHC; and

30 (ii) members' surplus protection principle will
 31 govern the actions of the MHC and its subsidiaries;
 32 under the articles of incorporation and bylaws of the
 33 MHC;

34 (B) the membership interest of a member of the MHC
 35 may not be transferred, assigned, pledged, or alienated
 36 in any manner except in connection with a transfer,
 37 assignment, pledge, or alienation of the policy from
 38 which the membership interest is derived; and

1 (C) the membership interest of a member of the MHC
2 will automatically terminate upon the lapse or other
3 termination of the policy from which the membership
4 interest is derived.

5 (6) It must describe how the plan of reorganization is to be
6 carried out, including a description of a contemplated
7 transfer, acquisition, or assumption of assets, rights,
8 franchises, interests, debts, liabilities, or other obligations of
9 the applicant and any other company affected by the plan of
10 reorganization.

11 (7) It must describe the:

- 12 (A) establishment of companies;
- 13 (B) amendment or restatement of the articles and
- 14 bylaws of a company; and
- 15 (C) merger of companies;

16 that will take place under the plan of reorganization.

17 (8) It must provide a list of:

- 18 (A) all individuals who are or have been selected to
- 19 become directors or officers of the MHC and its
- 20 subsidiaries; and
- 21 (B) other individuals who perform or will perform
- 22 functions appropriate to the position of director or
- 23 officer.

24 (9) The list prepared under subdivision (8) must include, for
25 each individual on the list:

- 26 (A) the individual's principal occupation;
- 27 (B) all offices and positions the individual has held in the
- 28 preceding five (5) years;
- 29 (C) any crime of which the individual has been convicted
- 30 (other than traffic violations) in the preceding ten (10)
- 31 years;
- 32 (D) information concerning any personal bankruptcy of
- 33 the individual or the individual's spouse during the
- 34 previous seven (7) years;
- 35 (E) information concerning the bankruptcy of any
- 36 corporation of which the individual was an officer or
- 37 director during the previous seven (7) years;
- 38 (F) information concerning any state or federal

- 1 securities law allegations and violations against the
 2 individual;
 3 (G) information concerning the revocation of any state
 4 or federal license issued to the individual; and
 5 (H) information as to whether the individual has ever
 6 been refused a performance or other bond.
- 7 (10) With respect to a policy that goes into force after the
 8 effective date of the reorganization, the policy must provide
 9 that:
- 10 (A) the owner of the policy; or
 11 (B) another person or persons specified in:
 12 (i) the policy; or
 13 (ii) the MHC's articles of incorporation or bylaws;
 14 becomes a member of the MHC.
- 15 (11) It must provide that, with regard to a policy in force on
 16 the effective date of the plan of reorganization:
- 17 (A) the policy continues to remain in force under the
 18 policy's terms;
 19 (B) the policyholder continues to have the right to
 20 receive dividends as provided for in the policy;
 21 (C) the policyholder's right to benefits, values,
 22 guarantees, and other policy obligations of the MIC
 23 continues after the effective date of the plan of
 24 reorganization; and
 25 (D) the dividends paid on the policy after the effective
 26 date of the plan of reorganization increase in proportion
 27 to:
- 28 (i) increases in earned surplus available for the
 29 payment of dividends; and
 30 (ii) any increase in dividends paid on policies issued
 31 after the effective date of the plan of reorganization.
- 32 (12) It must describe the nature and content of the annual
 33 report and financial statement to be sent to each member
 34 following the reorganization.
- 35 (13) It must demonstrate that, in the event of proceedings
 36 under IC 27-9 involving a stock insurance company
 37 subsidiary of the MHC that resulted from the reorganization
 38 of a domestic MIC, the assets of the MHC are available to

1 satisfy the policyholder obligations of the stock insurance
2 company subsidiary.

3 (14) It must provide any additional information that the
4 commissioner may request.

5 Sec. 6. (a) A plan of reorganization that is adopted by the
6 board of directors of the applicant may be:

7 (1) amended by the board of directors of the applicant:

8 (A) in response to the comments or recommendations of
9 the commissioner, or any other state or federal agency
10 or entity, before any solicitation of proxies from the
11 members to vote on the plan of reorganization; and

12 (B) otherwise, with the consent of the commissioner; or

13 (2) terminated by the board of directors of the applicant:

14 (A) before notice is sent to the members under section 8
15 of this chapter; and

16 (B) otherwise, with the consent of the commissioner.

17 (b) For a plan of reorganization to be:

18 (1) amended; or

19 (2) terminated;

20 by the board of directors of a MIC, at least seventy-five percent
21 (75%) of the members of the board of directors must vote in favor
22 of the amendment or termination.

23 Sec. 7. (a) The commissioner shall, as soon as practicable after
24 receiving a plan, conduct a public hearing in Indianapolis at a
25 place, date, and time specified by the commissioner to afford
26 interested persons an opportunity to present information, views,
27 arguments, or comments about the plan.

28 (b) At least thirty (30) days before a hearing held under this
29 section, the commissioner shall publish notice of the hearing in a
30 newspaper of general circulation in:

31 (1) the city of Indianapolis;

32 (2) the city in which the principal office of the applicant is
33 located; and

34 (3) other cities or towns that the commissioner considers
35 appropriate.

36 The commissioner may provide written notice of the hearing by
37 other means and to other persons that the commissioner considers
38 appropriate.

1 (c) The notice provided under this section must:

- 2 (1) refer to the applicable statutory provisions;
- 3 (2) state the date, time, and location of the hearing; and
- 4 (3) include a brief statement of the subject of the hearing.

5 (d) At a public hearing under this section, an interested person
6 may appear and:

- 7 (1) file a written statement;
- 8 (2) make an oral presentation;
- 9 (3) pose questions to the officers and directors of the MIC;
- 10 and
- 11 (4) examine the evidence.

12 (e) At the discretion of the commissioner or the
13 commissioner's appointee, testimony may be taken under oath or
14 by affirmation at a public hearing under this article.

15 Sec. 8. The applicant shall, at least thirty (30) days before the
16 public hearing required under this chapter, notify each member of
17 the MIC of the public hearing. The notice must achieve a minimum
18 score of forty (40) on the Flesch reading ease test or an equivalent
19 score on a comparable test approved by the commissioner. The
20 notice must include the following:

- 21 (1) Reference to the applicable statutory provisions.
- 22 (2) A statement of the date, time, and location of the hearing.
- 23 (3) A brief statement of the subject of the hearing, including
24 specific notice to the member that the member has an
25 ownership interest in the MIC that may be affected by the
26 reorganization.

27 Sec. 9. (a) The commissioner shall not approve a plan of
28 reorganization submitted under this article unless the applicant has
29 shown, by a preponderance of the evidence, that the plan of
30 reorganization:

- 31 (1) complies with the law;
- 32 (2) includes the disclosures and notices required under this
33 article;
- 34 (3) is fair to the members of the MIC; and
- 35 (4) complies with the members' surplus protection principle.

36 Sec. 10. Not more than one hundred eighty (180) days after the
37 commissioner accepts the application relating to the plan, the
38 commissioner shall approve or disapprove a plan of

1 reorganization. The commissioner's approval of the plan must be
2 conditioned upon:

- 3 (1) the approval of the plan by the members under this
- 4 chapter; and
- 5 (2) the completion order requirements of this chapter.

6 Sec. 11. The commissioner shall immediately notify the
7 applicant upon reaching a decision on a plan of reorganization.

8 Sec. 12. (a) A plan of reorganization of a MIC must be
9 submitted for approval by the members of the MIC after approval
10 of the application by the commissioner under section 10 of this
11 chapter. A vote by the members to approve the plan must be made
12 at a special or annual meeting held under IC 27-1-7-7 and this
13 chapter.

14 (b) A member must be sent notice of the meeting at which a
15 plan of reorganization will be submitted for approval by members.
16 The notice must:

- 17 (1) be mailed at least thirty (30) days before the meeting;
- 18 (2) refer to the applicable statutory provisions;
- 19 (3) state the date, time, and location of the meeting;
- 20 (4) include a brief statement of the subject of the meeting;
- 21 and
- 22 (5) describe the member's right to appear and participate in
- 23 the meeting.

24 (c) The notice sent under this section must achieve a minimum
25 score of forty (40) on the Flesch reading ease test or an equivalent
26 score on a comparable test approved by the commissioner.

27 Sec. 13. Before the special or annual meeting at which the
28 members of a MIC vote on a plan of reorganization, the MIC shall
29 provide the members with information about the plan sufficient for
30 the members, in the reasonable determination of the commissioner,
31 to make an informed decision about the plan of reorganization.

32 Sec. 14. Notwithstanding IC 27-1-7-9, with respect to a vote
33 under section 12 of this chapter, a member:

- 34 (1) may vote in person or by proxy if the proxy:
 - 35 (A) includes reference to the applicable statutory
 - 36 provisions;
 - 37 (B) states the date, time, and location of the meeting;
 - 38 (C) contains a brief statement of the subject of the

meeting, including specific notice to the member that the member has an ownership interest in the MIC that may be affected by the reorganization; and

(D) was solicited and obtained from the member after the MIC has submitted the plan of reorganization to the commissioner under this article; and

(2) is entitled to cast only one (1) vote on the proposed plan of reorganization, regardless of the number of policies or the amount of insurance that the member has with the applicant or any affiliate of the applicant.

Sec. 15. For a plan of reorganization to be approved by members of a MIC, at least sixty-seven percent (67%) of the members must vote in favor of the plan.

Sec. 16. Within thirty (30) days after members have approved a plan of reorganization at a special or annual meeting of members under this chapter, an applicant must file with the commissioner the minutes of the meeting at which the plan of reorganization was approved.

Sec. 17. (a) Before the commissioner issues a permit for completion of organization under subsection (b):

(1) the commissioner must have issued notice to the applicant that the commissioner has approved the plan of reorganization of the applicant under section 10 of this chapter;

(2) a public hearing must have been conducted under this chapter;

(3) the commissioner must have received the minutes of the meeting of the members at which the plan was approved reflecting that the plan of reorganization was on the agenda and the plan was approved, if the members voted to approve the plan at a special or annual meeting;

(4) the articles of incorporation of the applicant must have been certified by the secretary of state and transmitted to the commissioner; and

(5) the applicant must have posted a surety bond.

(b) After the events referred to in subsection (a), the commissioner shall issue:

(1) a permit for completion of organization as provided in

1 IC 27-1-6-11, in the case of a newly organized company; or
 2 (2) an amended certificate of authority as provided in
 3 IC 27-1-8-9, in the case of amended articles of incorporation.

4 Sec. 18. A plan of reorganization is effective when each
 5 company affected by the plan has filed:

6 (1) its articles of incorporation or, if appropriate, its articles
 7 of amendment; and

8 (2) the certificate of authority issued to the company by the
 9 commissioner under this chapter;

10 in the office of the county recorder of the county in which the
 11 principal office of the company is located.

12 Sec. 19. The organization of any company under a plan of
 13 reorganization under this article must be conducted under
 14 IC 27-1-6 concerning the formation of domestic insurance
 15 companies, except as provided in section 17 of this chapter.

16 Sec. 20. The amendment of the articles of incorporation of a
 17 company under a plan of reorganization under this article must be
 18 conducted in compliance with IC 27-1-8, except as provided in
 19 section 17 of this chapter.

20 Chapter 3. Mutual Insurance Holding Companies

21 Sec. 1. A MHC organized under this article:

22 (1) must be licensed; and

23 (2) is subject to rules that the commissioner may adopt under
 24 IC 4-22-2.

25 Sec. 2. The articles of incorporation of a MHC must contain
 26 the following, or provisions at least substantially equivalent to the
 27 following:

28 (1) The name of the MHC, which must include the term
 29 "mutual" or the abbreviation "MHC".

30 (2) A provision that no actions will be taken by the MHC that
 31 contravene the members' surplus protection principle
 32 established in this article.

33 (3) A provision specifying that the MHC must, at all times,
 34 have the direct or indirect power to cast at least sixty percent
 35 (60%) of the votes for the election of directors of each stock
 36 insurance company subsidiary and any intermediate stock
 37 holding company.

38 (4) A provision specifying that the MHC does not have the

power to engage in the business of issuing insurance policies or contracts, except through a stock insurance company subsidiary.

(5) A provision specifying that the MHC is not authorized to issue voting stock.

(6) A provision setting forth the rights of members of the MHC in the equity of the MHC upon liquidation, including the rights of the members to the assets of the MHC.

(7) A provision specifying that:

(A) a member of the MHC is not, as a member, personally liable for the acts, debts, liabilities, or obligations of the MHC; and

(B) no assessment may be imposed upon the members of the MHC by any person, including:

(i) the board of directors, members, or creditors of the MHC; and

(ii) any governmental office or official, including the commissioner;

because of any liability of any company or because of any act, debt, or liability of the MHC.

Sec. 3. Members of a MHC have rights and obligations specified in:

(1) this article; and

(2) the articles of incorporation and bylaws of the MHC.

Sec. 4. On the effective date of the reorganization of a MIC as a MHC under this chapter, the MHC must have the direct or indirect power to cast one hundred percent (100%) of the votes for the election of directors of:

(1) all stock insurance subsidiaries; and

(2) an intermediate stock holding company;

of the MIC.

(b) After the effective date of the reorganization of a MIC as a MHC under this chapter, the MHC must at all times have the direct or indirect power to cast at least sixty percent (60%) of the votes for the election of directors of:

(1) all stock insurance subsidiaries; and

(2) an intermediate stock holding company;

of the MIC.

Sec. 5. Major transactions between:

- (1) a MHC and its subsidiaries; or**
- (2) subsidiaries of a MHC;**

must be conducted in fairness to the members of the MHC, comply with the members' surplus protection principle, and be approved by the commissioner.

Sec. 6. At least seventy-five percent (75%) of the following must be made up of outside directors:

- (1) The board of directors of a MHC.**
- (2) The board of directors of an intermediate stock holding company.**
- (3) The board of directors of a stock insurance company subsidiary.**
- (4) Each committee of the board of directors of:**
 - (A) a MHC;**
 - (B) an intermediate stock holding company; or**
 - (C) a stock insurance company subsidiary.**

Sec. 7. (a) With the written approval of the commissioner, and subject to any conditions imposed by the commissioner, a MHC may do any of the following:

- (1) Merge or consolidate with, or acquire the assets of a:**
 - (A) MHC licensed under this article; or**
 - (B) similar entity organized under the laws of any other state.**
- (2) Acquire the stock of a stock insurance company as a subsidiary of the MHC or an intermediate stock insurance company of the MHC.**
- (3) Organize an intermediate stock insurance company as a wholly owned subsidiary.**
- (4) Organize a stock insurance company as a subsidiary.**
- (5) Acquire the stock or assets of any non-insurance related corporation.**

(b) Whenever a MHC acquires or plans to acquire more than fifty percent (50%) of the voting capital stock of a stock insurance company, the MHC must submit to the commissioner a description of any membership interests of policyholders of the stock insurance company.

Sec. 8. (a) Except as provided in subsection (b), a MHC:

(1) has and may exercise all the rights and privileges of insurance companies formed under this title; and

(2) is subject to all the requirements and regulations imposed upon insurance companies formed under this title.

(b) The exceptions referred to in subsection (a) are as follows:

(1) A MHC does not have the right or privilege to write insurance (except through a stock insurance company subsidiary) and is not subject to any requirement or rule adopted under IC 4-22-2 relating to the writing of insurance.

(2) A MHC is not subject to the surplus requirements in IC 27-1-6-15.

(3) A MHC is not subject to any requirement or rule adopted under IC 4-22-2 that is imposed upon insurance companies formed under this title to the extent that the requirement or rule is in conflict with this article.

Sec. 9. Not later than April 1, a MHC shall file with the commissioner an annual statement containing the following information:

(1) Audited financial statements, including:

(A) an income statement;

(B) a balance sheet;

(C) a statement of cash flows; and

(D) footnotes.

(2) Complete information on the status of any condition imposed in connection with the approval of a plan of reorganization.

(3) An investment plan covering all assets of the MHC.

(4) A statement that the MHC and its affiliates have complied with section 13 of this chapter.

(5) A statement that describes any changes in the members' surplus and the reason for any such change in the members' surplus.

Sec. 10. (a) A MHC and the intermediate stock holding companies and stock insurance company subsidiaries that are owned entirely or in part, directly or indirectly, by the MHC constitute an insurance holding company system (as defined in IC 27-1-23-1).

(b) Notwithstanding subsection (a), a separate filing or

1 approval is not required under IC 27-1-23 for a reorganization
2 that:

- 3 (1) is included in a plan approved under this article; and
- 4 (2) does not involve the acquisition of control of an insurance
5 company that is not affiliated with the applicant before the
6 reorganization.

7 Sec. 11. A membership interest in a MHC does not constitute
8 a security under Indiana law.

9 Sec. 12. (a) After the effective date of a plan of reorganization,
10 the officers and directors of the MHC and its subsidiaries:

- 11 (1) owe the same fiduciary responsibilities to the members of
12 the former MIC as the officers and directors of the MHC
13 owed to the members before the effective date of the plan of
14 reorganization;
- 15 (2) are subject to potential liability to the members of the
16 former MIC to the same extent as the officers and directors
17 of the MHC were to the members before the effective date of
18 the plan of reorganization; and
- 19 (3) owe a fiduciary duty to the members of the MHC to
20 follow the members' surplus protection principle.

21 (b) An action may not be brought to recover for the violation
22 of fiduciary responsibilities under this article more than ten (10)
23 years after the alleged violation of the fiduciary responsibility.

24 Sec. 13. (a) The following transactions involving a MHC or an
25 affiliate of a MHC and any person may not be entered into unless
26 the MHC has notified the commissioner in writing of its intention
27 to enter into such transaction at least thirty (30) days before
28 entering into the transaction, or such shorter period as the
29 commissioner may permit, and the commissioner has not
30 disapproved it within that period:

- 31 (1) Sales, purchases, exchanges, loans or extensions of credit,
32 guarantees, or investments, provided those transactions are
33 equal to or exceed three percent (3%) of the MHC's assets as
34 of December 31 of the previous year.
- 35 (2) Loans or extensions of credit to any person who is not an
36 affiliate of the MHC, where the MHC makes those loans or
37 extensions of credit with the agreement or understanding
38 that the proceeds of such transactions, in whole or in

substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, any affiliate of the MHC making such loans or extensions of credit, provided those transactions are equal to or exceed three percent (3%) of the MHC's assets as of December 31 of the previous year.

(3) Reinsurance agreements or modifications to the agreements in which the amount of cash or invested assets transferred by the MHC equals or exceeds five percent (5%) of the MHC's surplus as regards policyholders, as of December 31 of the previous year, including those agreements that may require as consideration the transfer of assets from a MHC to a nonaffiliate, if an agreement or understanding exists between the MHC and nonaffiliate that any portion of the assets will be transferred to one (1) or more affiliates of the MHC.

(4) Management agreements, service contracts, and cost-sharing arrangements.

(5) Material transactions, specified by rule, that the commissioner determines may adversely affect the interests of the policyholders of affiliates of the MHC or that do not comply with the members' surplus protection principle.

This subsection does not authorize or permit any transactions other than those authorized under this article.

(b) A MHC and its affiliates may not enter into transactions that are part of a plan or series of like transactions if the purpose of those separate transactions is to avoid the statutory threshold amount and avoid the review required under this section.

Chapter 4. Issuance of Capital Stock

Sec. 1. A subsidiary organized under this title may issue shares of any class or type of capital stock permitted under this title, and an intermediate stock holding company may issue any type of stock permitted by the law under which it is organized. However, a stock insurance company subsidiary and an intermediate stock holding company may issue shares of voting capital stock to a person or entity other than:

- (1) the MHC of which it is a subsidiary; or
- (2) an intermediate stock holding company that is a

1 subsidiary of the MHC referred to in subdivision (1);
 2 only in compliance with this article.

3 Sec. 2. A plan to issue voting capital stock under this chapter
 4 must be adopted:

- 5 (1) by the board of directors of the MHC; or
- 6 (2) in the case of a plan to issue shares of voting capital stock
 7 that is not concurrent with the formation of the MHC, by the
 8 board of directors of the stock insurance company subsidiary
 9 or intermediate stock holding company proposing to issue
 10 the stock.

11 Sec. 3. A board of directors that adopts a plan to issue voting
 12 capital stock under this chapter may amend or withdraw that plan
 13 at any time before the effective date. However, after the
 14 commissioner has approved a plan to issue voting capital stock, the
 15 plan may not be amended unless the commissioner approves the
 16 amendment.

17 Sec. 4. Within ninety (90) days after the adoption of a plan to
 18 issue voting capital stock, the stock insurance company subsidiary
 19 or intermediate stock holding company adopting the plan must file
 20 with the commissioner an application that contains the following:

- 21 (1) A proposed plan to issue voting capital stock.
- 22 (2) The form of notice to be sent to members, informing
 23 members of their right to vote on the plan.
- 24 (3) The form of the proxy statement to be used to solicit the
 25 votes of members. The form must describe the plan, and
 26 must achieve a minimum score of forty (40) on the Flesch
 27 reading ease test or an equivalent score on a comparable test
 28 approved by the commissioner.
- 29 (4) The form of proxy to be solicited from members.
- 30 (5) A copy of the proposed articles of incorporation and
 31 bylaws of each company to be formed under the plan in
 32 compliance with the requirements of IC 27-1-6.
- 33 (6) If it is necessary to amend the current articles of
 34 incorporation or bylaws of a company that is affected by the
 35 plan, a copy of the proposed articles of amendment and
 36 amended bylaws of the company that must comply with the
 37 requirements of IC 27-1-8.
- 38 (7) A list of the officers and directors of a company that is

- 1 affected by the plan.
- 2 (8) A description of:
- 3 (A) the voting capital stock intended to be offered by the
- 4 applicant;
- 5 (B) all shareholder rights applicable to the voting capital
- 6 stock intended to be offered by the applicant;
- 7 (C) the total number of shares authorized to be issued;
- 8 (D) the estimated number of shares the applicant intends
- 9 to offer; and
- 10 (E) the intended date or range of dates for the offering.
- 11 (9) A list of:
- 12 (A) the name or names of any underwriter, syndicate
- 13 member, or placement agent involved;
- 14 (B) if known by the applicant, the name or names of
- 15 each person or group of persons who will control five
- 16 percent (5%) or more of the total outstanding shares of
- 17 the class of voting capital stock to be offered; and
- 18 (C) if any of the persons listed under clause (A) or (B) is
- 19 a corporation or other business organization, the name
- 20 of each member of its board of directors or equivalent
- 21 management body.
- 22 (10) Copies of any filings with the United States Securities
- 23 and Exchange Commission disclosing intended acquisitions
- 24 of voting capital stock of the applicant.
- 25 (11) A description of all expenses expected to be incurred in
- 26 connection with the offering.
- 27 (12) Any other information requested by the commissioner.

28 **Sec. 5. A plan to issue voting capital stock that is filed with the**

29 **commissioner under this chapter must do the following:**

- 30 (1) Describe the reasons for and the purposes of the proposed
- 31 issuance of shares of voting capital stock, and the manner in
- 32 which the issuance is expected to benefit and serve the best
- 33 interests of the members.
- 34 (2) Require that, after the effective date, the MHC must at all
- 35 times have the direct or indirect power to cast at least sixty
- 36 percent (60%) of the votes for the election of directors of
- 37 each stock insurance company subsidiary and any
- 38 intermediate stock holding company.

1 **(3) Provide that the aggregate number of shares of voting**
2 **capital stock owned by all of the directors and officers of the**
3 **MHC and its subsidiaries and associates may not exceed:**

4 **(A) within five (5) years after the initial issuance of**
5 **voting capital stock, five percent (5%) of the total**
6 **number of shares of voting capital stock to be issued;**
7 **and**

8 **(B) more than five years after the initial issuance of**
9 **voting capital stock, ten percent (10%) of the total**
10 **number of shares of voting capital stock to be issued;**
11 **including any shares acquired by the officers and directors**
12 **and their associates through discounted subscriptions,**
13 **employee benefit plans, or stock options.**

14 **(4) Provide that the aggregate number of shares of voting**
15 **capital stock purchased by:**

16 **(A) a single director or officer of the MHC or the**
17 **subsidiaries of the MHC;**

18 **(B) associates of the person referred to in clause (A);**
19 **and**

20 **(C) persons acting in concert with the person referred to**
21 **in clause (A) or (B);**

22 **may not exceed five percent (5%) of the total number of**
23 **shares to be issued under the plan, including any shares**
24 **attributed to the officers and directors and their associates**
25 **but held by one (1) or more tax-qualified employee benefit**
26 **plans.**

27 **(5) Provide that the aggregate number of shares of all**
28 **nonvoting equities and other nonvoting dividend paying**
29 **instruments owned by all of the directors and officers of the**
30 **MHC and its subsidiaries and associates may not exceed:**

31 **(A) within five (5) years after the initial issuance of**
32 **voting capital stock, five percent (5%) of the total**
33 **number of shares of nonvoting equities or other**
34 **nonvoting dividend paying instruments to be issued; and**

35 **(B) more than five years after the initial issuance of**
36 **voting capital stock, ten percent (10%) of the total**
37 **number of shares of nonvoting equities or other**
38 **dividend paying instruments to be issued.**

(6) Provide that the aggregate number of shares of nonvoting equities or other nonvoting dividend paying instruments purchased by:

(A) a single director or officer of the MHC or the subsidiaries of the MHC;

(B) associates of the person referred to in clause (A); and

(C) persons acting in concert with the person referred to in clause (A) or (B);

may not exceed five percent (5%) of the total number of shares of nonvoting equities and other nonvoting dividend paying instruments to be issued under the plan, including any nonvoting equities or instruments attributed to the officers and directors and their associates but held by one (1) or more tax-qualified employee benefit plans.

(7) Provide that a director, officer, agent, or employee of the MHC or its subsidiaries, or an associate of a director, officer, agent, or employee, may not receive a fee, commission, or other valuable consideration for aiding, promoting, or assisting in the issuance of voting capital stock under this section, except for:

(A) compensation as provided for in the plan and approved by the commissioner;

(B) the person's usual, regular salary or compensation; and

(C) reasonable fees and compensation paid to an individual who is an attorney, accountant, or actuary for services performed in the individual's independent practice, even if the individual is also a director, officer, agent, or employee of the MHC or its subsidiaries.

(8) Provide that the aggregate number of shares of voting capital stock that may be purchased by an employee benefit plan may not exceed ten percent (10%) of the total number of shares to be issued under the plan.

(9) Describe:

(A) how the offering price of the voting capital stock to be sold is established; or

(B) the method by which the offering price will be

1 determined.

2 **Sec. 6. (a) A plan to issue voting capital stock in a public**
 3 **offering (other than an offering solely in connection with a**
 4 **consolidation, merger, share exchange, or other business**
 5 **combination or an offering of stock under a stock option plan)**
 6 **must do the following:**

7 (1) Provide for each eligible member to receive, without
 8 payment, nontransferable subscription rights to purchase a
 9 portion of the voting capital stock of the applicant.

10 (2) Specify how subscription rights are to be allocated in
 11 whole shares of voting capital stock among the eligible
 12 members.

13 (3) Provide a fair and equitable means for allocating shares
 14 of voting capital stock in the event of an oversubscription to
 15 the shares by eligible members exercising subscription rights
 16 received under this chapter.

17 (4) Provide that any shares of voting capital stock not
 18 subscribed to by eligible members exercising subscription
 19 rights received under this chapter, or not subscribed to by an
 20 employee benefit plan or by directors, officers, and
 21 employees exercising subscription rights, will be sold:

22 (A) in a public offering through an underwriter;

23 (B) through private placement; or

24 (C) by any other method approved by the commissioner
 25 that is fair and equitable to members.

26 (5) Require a person that exercises subscription rights to:

27 (A) purchase at least the minimum number of shares of
 28 voting capital stock; or

29 (B) if the person purchases less than the minimum
 30 number of shares, make a purchase of shares of voting
 31 capital stock in at least the minimum amount.

32 (6) Require that at least seventy-five percent (75%) of the
 33 members of the board of directors of the MHC must be
 34 persons who are not officers or employees of the MHC or
 35 any of its subsidiaries.

36 (7) Require that at least three (3) members of the board of
 37 directors of each:

38 (A) intermediate stock holding company; and

(B) stock insurance company subsidiary;
of the MHC must be persons who are not officers or
employees of the MHC or any of its subsidiaries.

(8) Provide that the MHC will adopt articles of incorporation
or articles of amendment that include a provision prohibiting
the MHC from waiving any dividends from its subsidiaries
except:

(A) under conditions specified in the articles of
incorporation; and

(B) after approval of the waiver by the board of
directors of the MHC and by the commissioner.

(9) Establish a pricing committee within the board of
directors of the entity making the offering of voting capital
stock, consisting exclusively of directors who are not officers
or employees of the MHC or any of its subsidiaries, with the
responsibility of evaluating and approving the price of voting
capital stock sold in the offering.

(b) The minimum number of shares of voting capital stock
established under subsection (a)(5)(A) may not be more than one
hundred (100) shares.

(c) The minimum amount of a purchase of shares of voting
capital stock established under subsection (a)(5)(B) may not be
more than two thousand dollars (\$2,000).

Sec. 7. A plan to issue voting capital stock may do the
following:

(1) Provide an allocation without payment of
nontransferable subscription rights to purchase not more
than ten percent (10%) of the total amount of voting capital
stock issued under the plan to one (1) or more employee
benefit plans that satisfy the requirements of Section 401(a),
403(b), 404(c), 408, 423, or 501(c)(9) of the Internal Revenue
Code, limited to the extent that unsubscribed shares of voting
capital stock remain after the members have exercised their
subscription rights.

(2) Subject to the limitations of section 5 of this chapter,
provide for:

(A) the establishment of; and

(B) the allocation of not more than four percent (4%) of

- 1 the total amount of voting capital stock issued under the
- 2 stock issuance plan to;
- 3 an employee benefit plan that provides benefits that are
- 4 subject to taxation under Section 83 of the Internal Revenue
- 5 Code or that complies with the requirements of Section 422
- 6 of the Internal Revenue Code, for the purpose of granting
- 7 stock or stock options.
- 8 (3) Provide that the articles of incorporation of a subsidiary
- 9 of the MHC may, subject to specified exceptions, prohibit a:
- 10 (A) person; or
- 11 (B) group of persons acting in concert;
- 12 acting directly or through associates, from acquiring more
- 13 than a specified percentage of any class of the issued and
- 14 outstanding shares of capital stock of the issuing subsidiary.
- 15 (4) Provide that the aggregate number of shares of voting
- 16 capital stock purchased by an eligible member that exercises
- 17 subscription rights may not exceed:
- 18 (A) a specified number of shares equal to at least one
- 19 percent (1%) of the total number of shares to be issued
- 20 under the plan; or
- 21 (B) a specified percentage of not less than one percent
- 22 (1%) of the total number of shares to be issued under
- 23 the plan.
- 24 (5) Provide that subscription rights need not be granted to an
- 25 eligible member who resides in a foreign country or other
- 26 jurisdiction for which the commissioner determines that all
- 27 of the following apply:
- 28 (A) A small number of eligible members reside in the
- 29 jurisdiction.
- 30 (B) The granting of subscription rights or the offer or
- 31 sale of voting capital stock to eligible members in the
- 32 jurisdiction would require the issuer or its officers or
- 33 directors to:
- 34 (i) register, under the securities laws of the
- 35 jurisdiction, as a broker, dealer, salesman, or agent;
- 36 or
- 37 (ii) register, or otherwise qualify, the voting capital
- 38 stock for sale in the jurisdiction.

(C) The registration, qualification, or filing in the judgment of the commissioner would be impracticable or unduly burdensome for reasons of cost or otherwise.

Sec. 8. Notwithstanding any provision of this article, a MHC or an affiliate of a MHC may not use any form of a stock option or other preference with respect to the sale or purchase of any voting capital stock or other equity instrument of the MHC or an affiliate of the MHC to compensate an officer or director of the MHC or an affiliate of the MHC.

Chapter 5. Public Hearing, Commissioner Approval, and Effective Date of Plan to Issue Stock

Sec. 1. Not more than:

- (1) sixty (60) days after the acceptance of an application filed with respect to a plan to issue stock under this article; or
- (2) a longer period after the application is filed, as determined by the commissioner upon a showing of good cause;

the commissioner may conduct a public hearing in Indianapolis at a place, date, and time specified by the commissioner to afford interested persons an opportunity to present information, views, arguments, or comments in regard to the plan.

Sec. 2. (a) At least thirty (30) days before a hearing held under this section, the commissioner shall publish notice of the hearing in a newspaper of general circulation in:

- (1) the city of Indianapolis;
- (2) the city in which the principal office of the applicant is located; and
- (3) another city or cities that the commissioner considers appropriate;

and may provide written notice of the hearing by other means and to other persons that the commissioner considers appropriate.

(b) The notice provided under this section must:

- (1) refer to the applicable statutory provisions;
- (2) state the date, time, and location of the hearing; and
- (3) include a brief statement of the subject of the hearing.

Sec. 3. At a public hearing on a plan to issue stock held under this chapter:

- (1) a member or any other interested person may appear

1 **and:**

2 **(A) file a written statement; or**

3 **(B) make an oral presentation; and**

4 **(2) at the discretion of the commissioner or the**
 5 **commissioner's appointee, testimony may be taken under**
 6 **oath or by affirmation.**

7 **Sec. 4. In compliance with the later of:**

8 **(1) sixty (60) days after a public hearing held under this**
 9 **chapter; or**

10 **(2) one hundred twenty (120) days after the commissioner**
 11 **accepts the application relating to the plan;**

12 **the commissioner shall approve or disapprove the plan to issue**
 13 **stock.**

14 **Sec. 5. The commissioner shall approve a plan to issue stock**
 15 **submitted under this article unless the commissioner makes at least**
 16 **one (1) of the following findings with respect to the plan:**

17 **(1) Disapproval of the plan is necessary to prevent practices**
 18 **that will cause financial impairment to the applicant or its**
 19 **subsidiaries.**

20 **(2) The financial or management resources of the applicant**
 21 **or its subsidiaries or affiliates warrant disapproval.**

22 **(3) The plan does not comply with the provisions of this**
 23 **article.**

24 **(4) The proposed plan is unfair to members.**

25 **(5) The plan does not comply with the members' surplus**
 26 **protection principles of this article.**

27 **Sec. 6. (a) The commissioner shall immediately notify the**
 28 **applicant upon reaching a decision on a plan submitted under this**
 29 **chapter.**

30 **(b) If the commissioner disapproves a plan, the commissioner**
 31 **shall provide the applicant with a written statement detailing the**
 32 **reasons for the disapproval.**

33 **(c) A decision of the commissioner approving a plan to issue**
 34 **stock must specify the valuation of the stock approved by the**
 35 **commissioner.**

36 **Sec. 7. The approval by the commissioner of a plan to issue**
 37 **stock expires one hundred eighty (180) days after the date of**
 38 **approval, except as otherwise provided by an order of the**

1 commissioner.

2 **Sec. 8. The organization of a company under a plan under this**
 3 **article must be conducted in compliance with the provisions of**
 4 **IC 27-1-6 concerning the formation of domestic insurance**
 5 **companies, except as provided in this chapter.**

6 **Sec. 9. The amendment of the articles of incorporation of a**
 7 **company under a plan under this article must be conducted in**
 8 **compliance with IC 27-1-8, except as provided in this chapter.**

9 **Chapter 6. Miscellaneous Provisions**

10 **Sec. 1. (a) This article, while independent of any other law, is**
 11 **supplemental to IC 27-1-2 through IC 27-1-20.**

12 **(b) All provisions of IC 27-1-2 through IC 27-1-20 are fully**
 13 **and completely applicable to this article in the same manner as if**
 14 **the provisions of this article had been an original part of IC 27-1-2**
 15 **through IC 27-1-20. If any conflict exists between this article and**
 16 **IC 27-1-2 through IC 27-1-20, this article is controlling.**

17 **Sec. 2. A civil action:**

18 **(1) challenging the validity of; or**

19 **(2) arising out of;**

20 **action that is taken or proposed to be taken under this article must**
 21 **commence not later than ninety (90) days after the approval by the**
 22 **commissioner of the plan under which or in respect of which the**
 23 **action is taken or proposed to be taken.**

24 **Sec. 3. The provisions of this article are severable in the**
 25 **manner provided in IC 1-1-1-8(b).**

26 **Sec. 4. (a) A person who is aggrieved by an agency action of**
 27 **the commissioner under this article may petition for judicial**
 28 **review of the action under IC 4-21.5-5.**

29 **(b) A person who is aggrieved by a failure of the commissioner**
 30 **to act or make a determination required by this article may bring**
 31 **an action for mandate in the circuit court of St. Joseph County to**
 32 **compel the commissioner to act or make the determination.**

33 **Sec. 5. A MHC and its subsidiaries and affiliates may not do**
 34 **any of the following:**

35 **(1) Lend funds to any person to finance the purchase of stock**
 36 **in a stock offering by a MHC or any of its subsidiaries.**

37 **(2) Pay commissions, special fees, or other special or**
 38 **extraordinary compensation to officers, directors, interested**

persons, or affiliates for arranging, promoting, aiding, assisting, or participating in the structure or placement of a stock offering by the MHC or any of its subsidiaries, except to the extent permitted under IC 27-14-4.

(3) Enter into an understanding or agreement transferring legal or beneficial ownership of stock to another person in avoidance of this article.

Sec. 6. A stock insurance subsidiary to which insurance policies, contracts, and other assets and obligations are transferred in connection with a plan of reorganization under this article has, with respect to the insurance policies, contracts, and other assets and obligations, all rights, liabilities, and authority of the MIC that is the subject of the plan of reorganization.

Sec. 7. If a proceeding is pending against a MIC that is the subject of a plan of reorganization under this article:

(1) the proceeding may be continued after the effective date, as if the reorganization had not occurred; or

(2) the stock insurance company subsidiary that succeeds to the MIC's business may be substituted in the proceeding for the MIC.

Sec. 8. A MHC may convert to a stock insurance holding company under IC 27-1-8-13 as though the MHC were a MIC.

Sec. 9. The commissioner shall, at the applicant's expense, hire attorneys, actuaries, accountants, investment bankers, and other experts as may be necessary to assist the commissioner in reviewing all matters under this article that are associated with a plan of reorganization or a plan to issue stock.

SECTION 7. [EFFECTIVE JULY 1, 1998] (a) IC 27-14, as added by this act, is intended to enable mutual insurance companies to seek additional capital more effectively to:

(1) enhance their financial strength and flexibility; and

(2) support long term growth through creative internal strategies, mergers, and acquisitions.

(b) IC 27-14, as added by this act, provides an alternative organizational structure to help strengthen the Indiana mutual insurance industry by permitting mutual insurance companies to:

(1) reorganize into a mutual insurance holding company structure; and

- 1 **(2) raise capital through the sale of capital stock.**
- 2 SECTION 8. THE FOLLOWING ARE REPEALED [EFFECTIVE
- 3 APRIL 1, 1998]: IC 6-3-7-5; IC 22-3-2-14.5; IC 22-3-7-34.5.
- 4 SECTION 9. **An emergency is declared for this act."**
- 5 Delete pages 4 through 27.
- 6 Renumber all SECTIONS consecutively.
- (Reference is to SB 345 as printed January 16, 1998.)

and when so amended that said bill do pass.

Representative Fry